



Bay Area Clean Water Agencies

A Joint Powers Public Agency

P.O. Box 24055, MS 702

Oakland, California 94623

December 9, 2008

Ms. Mary Nichols, Chair
California Air Resource Board
1001 "I" Street
P.O. Box 2815
Sacramento, CA 95812

RE: Comments on the AB 32 Scoping Plan

Dear Madam Chair Nichols:

The Bay Area Clean Water Agencies (BACWA) is a joint public powers authority representing 55 public utilities that collect and treat municipal wastewater. This includes large metropolitan facilities such as East Bay Municipal Utility District, the City and County of San Francisco, Central Contra Costa Sanitary District, East Bay Dischargers Authority, and the City of San Jose. Our members come from the nine Bay Area counties that surround the San Francisco Bay. Many of our member agencies also manage potable water treatment, distribution systems, and biosolids residual programs.

We understand the Air Resources Board (ARB) requirement to prepare the Scoping Plan to lay out the road map for achieving the reductions in greenhouse gas (GHG) emissions in California mandated by the Global Warming Solutions Act of 2006 (AB 32). BACWA members have reviewed the proposed Scoping Plan and have the following comments.

- 1) BACWA commends ARB for specifying in the November 14, 2008, Scoping Plan Errata Sheet that sectors are obligated to Cap & Trade for "anthropogenic emissions only". This is an important step that will encourage the utilization of organic materials and biogas for renewable beneficial uses by local governments.
- 2) BACWA does not support the Public Goods Charge (page 70 & page C-136 of Appendix C) for the following reasons:
 - a) Public utility bills often include charges for water, sewer, and solid waste services on a combined invoice to consumers. Based on our experience, utility bills have

- an unpredictable amount of “capacity” for rate and fee increases before the public challenges them. Please be aware that adding the Public Goods Charge reduces that “capacity” and could burden the resources available for essential capital and operational improvements.
- b) It unfairly penalizes proactive communities that have already invested in water use and reuse efficiency measures because the revenue generated by the Public Goods Charge would likely go to communities that have not been proactive.
- 3) Page 110 – Cross Media
- a) Like the ARB, we are concerned about the cross media impacts that create conflicts among air-, water- and land-based permits and regulations. For example, local air quality regulations in some districts create restrictions for public utilities that make sustainable end-uses of biosolids and other organic materials (i.e., renewable energy, composting, land application) very difficult to implement. Accordingly, the alternative options require trucking the materials further distances for beneficial end-use applications or landfilling resulting in additional GHG emissions.
 - b) California wastewater agencies are working with CalEPA and local regulatory agencies to develop checklists that can be used to assess cross media impacts during regulatory development. We ask that ARB participate in this working group.
- 4) Page 62 (ERRATA) – Beneficial Uses of Organic Materials
- a) BACWA commends ARB for encouraging the use of organic materials to produce compost to benefit soils and to produce biofuels and energy. Please add specific language to the Scoping Plan that specifies the feedstock included in the “organic materials” definition, particularly wastewater treatment biosolids and foodwaste.
- 5) Page 66 – Bundle Water and Energy Efficiency Improvements
- a) BACWA commends ARB for the mechanism to make allowances available in a cap-and-trade program that could be used to provide additional incentives for local governments, water suppliers, and third party providers to bundle water and energy efficiency improvements. BACWA strongly supports this proposal so that incentives for GHG reduction opportunities will abound for all communities and emissions reductions projects—small and large.
- 6) Page 27 – Local Government Operations Protocol (LGOP) for estimating GHG emissions
- a) BACWA commends ARB for engaging the California Wastewater Climate Change Group and supporting a voluntary emissions reporting methodology that helps the wastewater industry understand wastewater treatment process emissions.

- b) Since the LGOP methodology is too broad to understand the actual emissions at specific wastewater treatment plants, research by the Water Environment Research Foundation and Columbia University is underway that will yield more accurate methodologies to estimate wastewater treatment GHG emissions (i.e., N₂O and possibly CH₄) for specific processes.
 - c) However, since funding is very limited and the ability of local governments to contribute under the current national economic crisis is extremely challenging, we request that the State of California help fund this important study and lobby the Federal government for support.
- 7) Climate Adaptation Strategy, Water Recycling (page C-131), and Increasing Renewable Energy Production in the Water Sector (page C-135)
- a) Given the financial challenges faced by local governments, particularly in the current national economic crisis, BACWA asks that the State provide financial incentives to enable these programs and lobby the Federal government for support. We believe this is essential if California is to meet its 2020 climate change policy goals.
- 8) Page C-11, Appendix C - Cap & Trade (C&T)
- a) BACWA believes that publically owned treatment works utilities (POTWs) should be afforded the opportunity to generate offset credits and yield environmental and financial benefits from them. However, all operations of essential public services (including POTWs) should not be included under the requirements of a C&T program. We are concerned that competing in a C&T market may:
 - i) raise the price of allowances for all public agencies within the cap requirement by increasing the demand for these credits
 - ii) result in rate increases that, when passed on to the customer, could have a significant impact on small businesses
 - iii) subject public utilities to the uncertainties of supply and demand of credits in fulfilling their mandate to provide infrastructure or essential public services in a timely manner
 - (1) providing assurances of availability of credits or early banking of credits could mitigate this disadvantage
 - iv) create a competitive disadvantage in the marketplace for public agencies because of budgetary restrictions and time constraints associated with obtaining approvals for the use of public funds
 - (1) the budget processes and cycles of essential public services, especially enterprise funds, cannot accommodate volatile swings and price increases in the C&T market

- v) require additional staff and resources likely needed to manage a C&T program and find the best credit deals in the marketplace

9) Page C-159, Appendix C – Alternative Daily Cover (ADC)

- a) The Scoping Plan says use of ADC competes with use of organic materials as a feedstock for compost. While this point may have validity, it needs to be reviewed on a case by case basis that includes a complete life cycle carbon assessment. In some cases ADC may have a smaller CO2 footprint when compared to other organics reuse options, given the proximity of several landfills to the major urban centers in the Bay Area. In the San Francisco Bay Area, ADC is the organics management option for the biosolids of many POTWs (approximately 70%) because the capacity for composting is limited, while landfills offer a nearby and sustainable biosolids management solution.

10) Page C-133, Appendix C – Water Recycling

- a) Water recycling is an example where the perceived benefits could be outweighed by GHG consequences when life cycle carbon impacts are taken into account. This needs to be reviewed on a case by case basis. BACWA asks that the ARB carefully coordinate programs in the Scoping Plan and programs developed by other state agencies, such as the State Water Resources Control Board, to make sure that the overall energy minimization and GHG reduction goals are not being compromised.

11) Page C-162, Appendix C – Anaerobic Digestion

- a) The Scoping Plan limits the options of developing “conversion technologies” for the production of renewable energy from organic material to Anaerobic Digestion. BACWA asks that the ARB expand these options to include other proven and emerging technologies. In the marketplace, conversion technologies refer to a wide array of biological, chemical, thermal, and mechanical technologies capable of converting post-recycled residual solid waste into useful products and chemicals, green fuels such as hydrogen, natural gas, ethanol and biodiesel, and clean, renewable energy such as electricity. When organic materials (i.e., biosolids, greenwaste, wood waste, foodwaste, etc.) are utilized as feedstock for energy production, anthropogenic GHGs will be reduced.

We respectfully urge you to consider our comments on the proposed AB 32 Scoping Plan. If you have any questions or comments, please contact Randy Schmidt at (925) 229-7333. Thank you for your consideration.

Sincerely,



Michele Pla
Executive Director
Bay Area Clean Water Agencies